

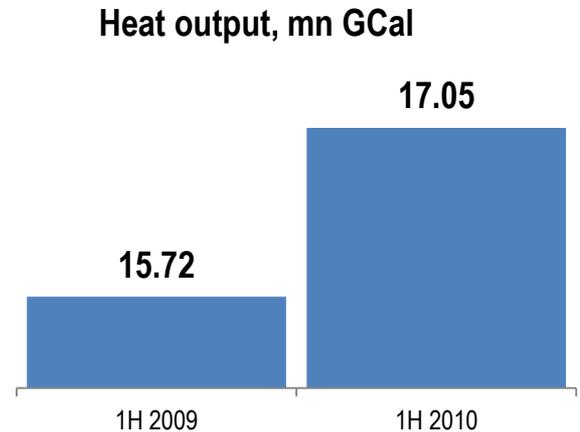
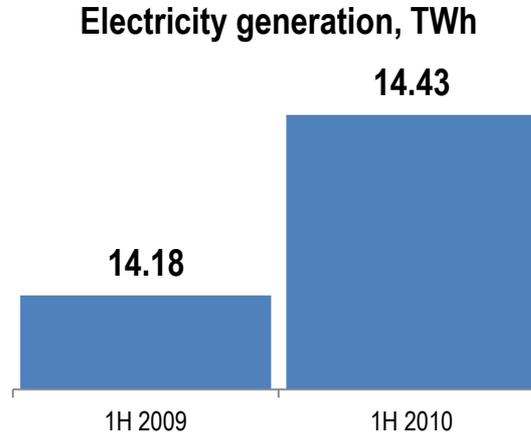
TGC-1:

IFRS results for the six months
ended June 30, 2010

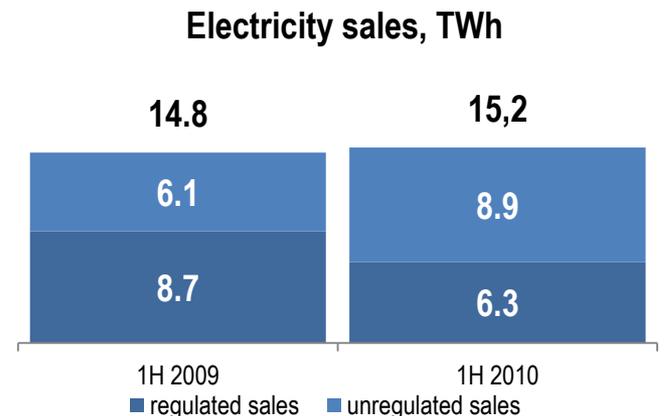
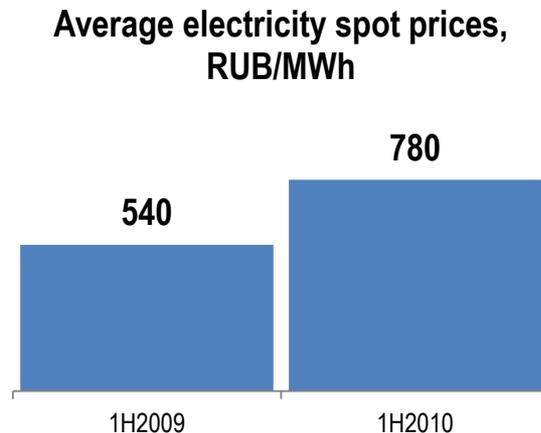
Boris Vainziker, General Director
September 1, 2010
Saint-Petersburg

- The Company has successfully went through unusually cold winter of 2009/2010
- Successful test run of the 1st CCGT-unit of Pervomayskaya CHPP of 180MW
- Key corporate actions to create St. Petersburg Heating Grid as an independent operational entity were accomplished
- The Company accomplished a number of measures to optimize the headcount and organizational structure
- The terms of borrowing have significantly improved
- The share of the liberalized electricity and capacity market has increased as had been planned: as of 1 January – 60%, as of 1 July – 80%
- The Government has adopted the decree on heating
- All investment projects to be included in Capacity Supply Agreement (DPM) have been approved by regulators

- The increase in demand of electricity in regions of operations: + 6.2% in St. Petersburg and Leningrad region, +7.6% in Karelia, +0.3% in Murmansk region



- Capacity utilization factor increased 0.5 зюзю to 52.6%



- A minor improvement of heat rates

- Largely positive half yearly results: very good 1Q and a not bad 2Q
- Margins were heavily influenced by high-base effect

| | 1H 2010 | 1H 2009 |
|-----------------------|----------|----------|
| Revenue | 27 203,2 | 21 245,6 |
| Electricity sales | 9 519,7 | 6 878,6 |
| Capacity sales | 4 195,6 | 3 229,3 |
| Heat sales | 13 200,0 | 10 616,8 |
| Other sales | 287,9 | 521,0 |
| Operating expenses | 23 250,4 | 18 005,7 |
| Operating profit | 3 952,8 | 3 239,9 |
| Pre-tax profit | 3 463,3 | 3 130,5 |
| EBITDA | 5 576,6 | 4 747,7 |
| Profit for the period | 2 823,3 | 2 485,3 |
| EBITDA margin, % | 20,5% | 22,3% |
| Net margin, % | 10,4% | 11,7% |

Revenue breakdown (mn RUR)

▪ increase of heat output (+8.5%) and heat sales (+24%) as a result of colder winter

▪ increase of the share of electricity market liberalization to 60% of total sales and higher spot prices (+44,5% on average)

| | 1H 2010 | share, % | 1H 2009 | share, % |
|---|------------------|-------------|------------------|-------------|
| Electricity sales, в т.ч. | 10 058,0 | 37,0 | 6 878,6 | 32,4 |
| Regulated sales | 2 576,0 | 9,5 | 3 053,9 | 14,4 |
| Day-ahead (spot) market | 5 760,4 | 21,2 | 2 678,2 | 12,6 |
| Balancing market | 226,4 | 0,8 | 154,5 | 0,7 |
| Unregulated electricity+capacity contracts (SDEM) | 462,0 | 1,7 | 68,8 | 0,3 |
| Export | 981,1 | 3,6 | 836,1 | 3,9 |
| Retail | 15,0 | 0,1 | 87,1 | 0,4 |
| Capacity sales | 3 657,3 | 13,4 | 3 229,3 | 15,2 |
| Regulated sales | 1 573,1 | 5,8 | 2 323,1 | 10,9 |
| Unregulated electricity+capacity contracts (SDEM) | 1 429,1 | 5,3 | 666,7 | 3,1 |
| Long-term capacity contracts (DDM) | 237,9 | 0,9 | 123,4 | 0,6 |
| Capacity of competitive capacity selection | 417,2 | 1,5 | 116,1 | 0,5 |
| Продажа тепловой энергии | 13 200,0 | 48,5 | 10 616,8 | 50,0 |
| Прочая реализация | 287,9 | 1,1 | 521,0 | 2,5 |
| Итого выручка | 27 203,20 | 100 | 21 245,60 | 100 |

Costs breakdown (mn RUR)

▪ Increase of fuel costs on the back of higher electricity and heat output on thermal plants and one-off (unlike quarterly in 2009) gas prices hike, and significantly higher prices for heavy oil for Murmanskaya CHPP

▪ increase of energy purchases costs to fulfill export contracts, as well as higher purchasing market prices

| | 1H 2010 | 1H 2009 |
|--------------------------------------|-----------------|-----------------|
| Fuel | 12 130,6 | 8 268,1 |
| Employee benefits | 3 024,5 | 2 542,4 |
| Electricity and heat purchases | 2 489,1 | 1 588,0 |
| Depreciation | 1 623,8 | 1 507,8 |
| Repairs and maintenance | 223,3 | 486,1 |
| Water usage expenses | 1 062,3 | 1 034,3 |
| Heat distribution | 298,1 | 672,0 |
| Taxes other than income tax | 506,4 | 497,6 |
| Dispatcher's fees | 319,7 | 298,1 |
| Other materials | 255,1 | 136,1 |
| Security services | 167,4 | 164,1 |
| Consulting, legal and audit services | 149,9 | 127,1 |
| Lease expenses | 278,7 | 125,5 |
| Insurance cost | 112,2 | 112,3 |
| Transportation services | 227,9 | 201,8 |
| Telecommunication services | 76,6 | 70,0 |
| Other operating income | 219,9 | 381,9 |
| Other operating expenses | 524,7 | 556,3 |
| Total operating expenses | 23 250,4 | 18 005,7 |